

APPROVED CONTINGENCY FUND FOR COVERT ACTION CHILE, STATION
PREPARED MEMO WHICH CONTAINED ALL INFO IN PARA G (COSTS)

OF THE MEMORANDUM FORWARDED SINCE HE WAS PRESSED

FOR TIME HE DID NOT FOCUS VERY LONG ON SUBJECT OR PRESS

FOR DETAILS. HE DID SAY THAT AMOUNT SET ASIDE FOR

WAS TOO LOW. COS SAID THAT AMOUNTS IN EACH CATEGORY ONLY
ESTIMATES AND GUIDES AND PROBABLY COULD BE SHIFTED AROUND.

AMBASSADOR SAID WE NEEDED TO HAVE A DEFINITE PROGRAM OF

WHAT WE PLAN TO DO. HE ASKED THAT THIS BE WORKED OUT WITH

THE DCM DURING HIS ABSENCE. RATHER THAN PURSUE MATTER FURTHER

COS AGREED.



Declassified and Approved for Release July 2000

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2. PLAN PREPARE OVERALL DRAFT PROGRAM SOONEST FOR
DISCUSSION WITH DCM. UNLESS LATTER OBJECTS, PLAN INCLUDE
IN THESE DISCUSSIONS.

BELIEVE HIS KNOWLEDGE OF LOCAL POLITICAL SCENE WILL BE VERY HELPFUL IN COMING UP WITH GOOD OVERALL PROGRAM.

HE DREW CORRECT CONCLUSION CONCERNING NATURE OUR INVOLVEMENT IN THAT OP.

- 3. WILL USE THIS OPPORTUNITY TO REGULARIZE AS MUCH OF OUR ON-GOING ACTIVITY AS POSSIBLE INSOFAR AS GETTING EMBASSY CONCURRENCE OF THEM WHILE BEARING IN MIND INSTRUCTIONS FORWARDED IN REF C.
- THAT WHICH CAUSED AMB TO OBJECT TO ITS

 TOOK ADVANTAGE OF OPENING GIVEN HIM BY AMB TO

 RAISE ISSUE OF RENEWING FINANCIAL SUPPORT TO IT. AMB

 RECOGNIZED THAT IN THIS NEW SITUATION COULD BE

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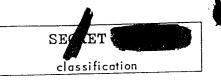


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HELPFUL AND WOULD BE IN F AVOR OF SUPPORTING IT

5. IF PRESENT ATTEMPT TO INTEREST IN

FAILS, STATION PLANS TRY SELL IDEA TO SUPPORT

FOR WOULD BE INCLUDED IN ANY OVERALL PACKAGE OF

MORE
SUPPORT PROVIDED TO THAT PARTY. WE BELIEVE MXEXX

APT SURVIVE UNDER UMBRELLA OF POLITICAL PARTY THAN ANY OTHER

ARRANGEMENT.

SINCE ONE OF CONDITIONS OF OUR SUPPORT TO PN AND THE PDC WILL BE TO MUTE X INSOFAR AS POSSIBLE/OPEN HOSTILITY

BETWEEN THESE PARTIES, MAY BE ABLE GET OUT A WHICH WILL BE ACCEPTABLE TO AMB. PLAN INCLUDE THIS PROPOSAL IN OUR DRAFT PROGRAM TO BE DISCUSSED WITH DCM AND POL COUNSELOR.

6. ADVISE TO WHAT EXTENT FUNDS WITHIN EACH CATEGORY LISTED IN PARA 6 OF CAN BE SHIFTED PROVIDED WE STAY WITHIN OVERALL AUTHORIZATION.

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END OF MESSAGE

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